

VZCZCXYZ0002
RR RUEHWEB

DE RUEHBU #1172/01 2322308
ZNR UUUUU ZZH
R 192308Z AUG 08
FM AMEMBASSY BUENOS AIRES
TO RUEHC/SECSTATE WASHDC 1845
INFO RUEHRC/DEPT OF AGRICULTURE WASHINGTON DC
RUEATRS/DEPT OF TREASURY WASHINGTON DC
RUCPDO/DEPT OF COMMERCE WASHINGTON DC
RHMFIUU/HQ USSOUTHCOM MIAMI FL
RUCNMER/MERCOSUR COLLECTIVE

UNCLAS BUENOS AIRES 001172

USDA FOR FAS/OA/OCRA/ONA/OGA/OFSO

SIPDIS
SENSITIVE

E.O. 12958: N/A

TAGS: [EAGR](#) [ECON](#) [EINV](#) [PGOV](#) [ELAB](#) [PHUM](#) [AR](#)

SUBJECT: ARGENTINE FARMERS RENEW PROTESTS AND THREATEN TO STRIKE

(A) BUENOS AIRES 1012 (B) BUENOS AIRES 0991 (C) BUENOS AIRES 0980

¶1. (SBU) Summary: On Monday, August 18, the farm sector staged roadside demonstrations against unresolved GOA agriculture policies for the first time since the rejection of variable export taxes (Resolution 125) by the Argentine Congress one month ago. Farmers have threatened to go on strike by the end of the month if the GOA does not make advances to resolve their issues. Farmers are particularly concerned about beef cattle production and dairy production issues, as well as lower export taxes for small farmers. End Summary.

FARMERS RENEW ROADSIDE PROTESTS AND THREATEN TO STRIKE

¶2. (SBU) On Monday, August 18, the farm sector staged roadside demonstrations against unresolved GOA agriculture policies for the first time since the rejection of variable export taxes (Resolution 125) by the Argentine Congress one month ago (refs B and C). Frustration and impatience with the Government of Argentina's (GOA) slowness to respond to the sector's chronic concerns resulted in "tractorazos" (protests led by farmers riding tractors) and farmer assemblies in numerous locations around the country, with farmers threatening to go on strike by the end of the month if the GOA does not make advances to resolve their issues.

¶3. (SBU) President of the Argentine Agrarian Federation (FAA) Eduardo Buzzi, who led one of the protests, indicated that producers are now worse off than they were on March 11, when the GOA created variable export taxes and that the agricultural crisis is "far from resolved." Farmers are particularly concerned about beef cattle production and dairy production issues, as well as lower export taxes for small farmers. Producers argue that cattle and dairy production have steadily declined in recent years due to government price and export controls -- issues which were not resolved by the Congressional decision against variable export taxes. Also, increased input costs and lower world prices for commodities have eroded profitability for small farmers -- which, they argue, are unprofitable when required to pay a 35% export tax on soybeans.

¶4. (SBU) Despite two meetings with Agriculture Secretary Carlos Cheppi, the agriculture sector is not convinced that the GOA is working sincerely to resolve farmers' concerns. The agriculture sector argues that Cheppi's proposals have been largely "hollow" and that meetings have confirmed that the Government is asking for more time/stalling to establish favorable policies. At the same time, there have been signals of confrontation, which were manifest by the Government's non-participation at the recent Palermo Livestock Show (Argentina's largest farm show, where government officials usually participate); and the government's recent closure of cheese exports (which allegedly resulted due to a personal argument between a cheese exporter and Secretary of Commerce Guillermo Moreno).

15. (SBU) A prominent political analyst told CDA August 19 that he does not think that the first couple intends to avoid another confrontation with the farmers. As evidence, he cited the recent protest organized by the Madres de Plaza de Mayo, a government-allied activist group that coordinates closely with former president Nestor Kirchner. On August 18, the Madres hung 1,500 of their trademark handkerchiefs emblazoned with the slogan "Not One Step Backward" around the Casa Rosada presidential palace. Madres leader Hebe de Bonafini said that the protest was designed to warn the agricultural organizations that "they have no right to block the roads when they already won in Parliament."

16. (SBU) Noting that such a protest would take at least 48 hours to organize, the analyst interpreted this demonstration as evidence that Kirchner-aligned groups are already mobilizing for another confrontation. He speculated that the first couple is welcoming another confrontation with the farmers in the mistaken belief that their ability to defeat the ag sector will enable them to regain political momentum. He claimed that they are embarking on this course because of the Argentine public's opposition to further road blockages and other protests by the farmers in the wake of their victory in the Parliament on the export tax dispute; growing divisions within the farm organizations; and more sympathetic coverage from the Clarin media conglomerate because of a purported truce agreed by Nestor Kirchner and the conglomerate's boss. The analyst predicted that this confrontational strategy would ultimately fail.

WHAT'S NEXT?

17. (SBU) For next Saturday, cattle farmers are planning a large producer assembly in Olavarria, Buenos Aires province, to analyze GOA export and price controls on beef cattle production and establish a strategic plan for changing the sector's course. In addition, farmers are planning a major National Assembly on August 30 in Entre Rios, as well as a large protest on September 8 (Argentina's "Farmer's Day"), in front of the Argentine Congress. The most critical remarks made at yesterday's protest were by FAA Vice-Director in Entre Rios, Juan Echeverria, who said that for the National Assembly on August 30, producers will gather at the tunnel connecting Parana and Santa Fe (two large cities on opposite sides of the Parana River); and from that day on, they will intensify the fight by "blocking roads, by striking, or whatever it takes."

Comment

18. (SBU) The farmers' actions show a growing frustration and impatience with the Kirchner administration's handling of the sector's other unresolved issues in the wake of Resolution 125's defeat. Clearly, the variable export taxes were only one part of the sector's concerns, and the August 18 demonstrations were intended to be a wake-up call to the Kirchner administration and the public at large that the GOA's conflict with the agricultural sector is far from being resolved. It would appear that these protests mark the beginning of a new chapter in the saga of Argentina's agricultural conflict. Producer assemblies and GOA actions/reactions in the weeks to come will determine the severity of farmers' protest strategy. End Comment.

KELLY